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Agency of Human Services

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Date: January 13, 2023

To: Representative Wood and House Human Services Committee

From: Miranda Gray, Deputy Commissioner, Child Development Division

Re: Act 45 – An act relating to child care systems and financing

Background

Act 45 signed into law on June 1, 2021 was one of the largest child care bills to pass in many years. The main components of the bill were to provide a report on potential governance structures for early childhood programs in Vermont which was overseen by Building Bright Futures. The Joint Fiscal Office was tasked with finding a contractor to conduct a financing study that included the following goals: no Vermonter paid more than 10% of their gross annual income on child care, child care providers receive compensation commensurate with peers in other fields, and looking at the cost of care model versus the currently used market rate model ([Market Rate Surveys \(hhs.gov\)](https://www.hhs.gov)). The Child Development Division (CDD) was responsible for action on the following sections of Act 45: 5, 6 (subchapter 5), 10, and 12. Today, I will provide updates on what progress has been made and what is still being worked on.

To provide additional context, the Child Development Division (CDD) is tasked with overseeing the entire child care regulatory structure. CDD also helps income eligible Vermonters pay for child care; this makes up about 20% of Vermonters who accesses care. The remainder of those accessing care, 80% are what we typically refer to as private pay families, meaning the state does not help these Vermonters with their child care payment. The Child Care Financial Assistance Program (CCFAP) is administered by CDD on behalf of the Office of Child Care. The funding is Child Care Development Fund (CCDF), also known as subsidy. Through our Community Child Care Support Agencies, CDD oversees the eligibility determination for Vermonters seeking assistance with the cost of child care. CDD also handles quality control functions to ensure eligibility determinations are correct and programs maintain billing integrity. In the month of November 2022, 6,740 children were actively receiving child care financial assistance.

ACT 45 Sections

Sec. 5 Bright Futures Information System; Modernization Plan

On July 3, 2022, the Child Development Division launched the Child Development Division Information System (CDDIS). This was the minimum viable product (mvp) of module one which allowed Vermont to increase income eligibility up to 350% of the Federal Poverty Level (FPL). A



family of three with an annual income of \$80,604 now qualifies for child care financial assistance (CCFAP).

Families receiving CCFAP also experienced a change, they no longer had to worry about their children’s different payments and benefit amounts. Instead, families are assigned a single “family share” amount. Families pay this amount directly to their child care provider(s). After they pay their weekly family share, any balance owed is paid by the State directly to the provider(s) up to a capped rate. Some providers charge above the State’s capped rate; child care providers work directly with families to collect any additional payment due to them.

More information about the changes can be found here [CCFAP-Booklet.pdf \(vermont.gov\)](#).

The Child Development Division supported by the Agency of Digital Services (ADS) continue to work on module one. Currently ADS and CDD are working with the contractor to reevaluate what work is left and how long it will take to complete this work.

Section 5 also required that the division engage with stakeholders, this was done leading up to and throughout the initial months of the launch. Documentation of the engagement can be produced upon request. We recently migrated onto a new web platform and because these documents were no longer relevant (the brainstorming sessions were done because the system launched, CDD did not migrate the link over).

Sec. 6 Subchapter 5 Workforce – Scholarships for Current Early Childhood Providers

Scholarships For Current Early Childhood Providers - The Teacher Education and Compensation Helps (T.E.A.C.H) program administered by Vermont Association for the Education of Young Children (VT AEYC) gives early childhood educators access to education and increases their compensation—bolstering early childhood professionals, the children and families they care for, and the early education field in Vermont as a whole. The program was expanded in October of 2022 with American Rescue Plan Act funds. Currently there are approximately 100 students enrolled.

Scholarships for Prospective Early Childhood Providers was established January 1, 2022, with Vermont Student Assistance Corporation (VSAC). The program covers full tuition to qualified recipients pursuing an associate or bachelor’s degree program in early childhood education or early childhood special education. The Scholarship Program for Prospective Early Childhood Educators (Interest-Free, Forgivable Loan) is open to students pursuing a degree at one of the participating institutions.



The program currently has 9 participants. To date the program has spent \$163,000.00 on scholarships for the 9 participants totally only 27% of the allocation. The program is significantly underspent due to a low number of applicants and recently discovered complications with being able to enforce the work requirement. Due to the liquidation timeline for American Rescue Plan Act funds, we would be unable to enforce a work requirement for a student that graduates later than September 30, 2024. I would welcome the opportunity to discuss this issue further and possible solutions at another time if the committee agreed that was appropriate. Presently, the program is no longer granting new scholarships until the work requirement issue is addressed.

The Student Loan Repayment Assistance Program was established January 1, 2022 and is administered by the Vermont Association for the Education of Young Children (VT AEYC). The program is for Vermont’s early childhood educators and provides up to \$4,000 annually to reduce the student debt of full-time educators who earned an early childhood-specific degree within the last five years. The program has spent \$256,817.18 out of \$2,700,000 allocated. It has been identified that due to restrictive eligibility requirements and a low number of applicants that the program will not be able to spend the remainder of funds without programmatic changes. VT AEYC has informed the state that they will be putting forward a legislative proposal for consideration to update the parameters of this program.

An evaluation of all three of the programs is due on or before October 1, 2025, in consultation with stakeholders.

Sec. 10 Recommendations; American Rescue Plan Act of 2021; Child Care Development Block Grant; Child Care Stabilization Grants

The Child Development Division submitted the plan as was required by September 1, 2021, and can be found here [Proposed use of Child Care Development Block Grant and American Rescue Plan Act Stabilization Grants](#)

The following programs have been or will be developed out of the \$18M ARPA Discretionary funds.

1. Workforce supports (scholarship and student loan programs) as outlined above in Sec. 6 subchapter 5.
2. Special Accommodation Grants (SAG) are for Vermont Licensed Specialized Child Care Programs to support a child or children's safe and successful inclusion within the child care program. \$1M was allocated for SFY'22 and '23. The most recent application



process held in December had, 17 programs and 24 children identified as needing support. These agreements will account for approximately \$209,000 in obligations. There has been a challenge with liquidating the funds because these grants require programs to hire staff.

3. Business Technical Assistance Program (BTAP) established September 15, 2022 and administered by First Children’s Finance. First Children’s Finance is in the process of building the program with a goal of being fully operational by March 1st, 2023. Communication will be sent out to the field soon.
4. Child Care and Afterschool Capacity Building was established to Expand Infant and Toddler Capacity with Let’s Grow Kids in 2018 and expanded via ACT 45 in 2021 to also include increasing PreK slots. The Child Care Capacity Grants are funded by the Child Care Development Fund and American Rescue Plan Act Funds. Grant projects are informed by local community needs and must include either start-up of new programs or the expansion of existing programs that result in additional infant and toddler child care spaces.

January 2022 – current estimated slots based on approved applications:

Total Programs - 92
Infant slots – 429
Toddler slots – 587
PreK slots – 372
Total slots – 1,629

CDD also contracted with Vermont Afterschool to increase school age child care capacity. “Room For Me” was established June 1st, 2022. The first round of awards will be issued at the end of January 2023. It is estimated that 20 programs will be funded from the first round of awards.

5. Quality Coaches (in August 2022 CDD requested reallocating the \$2.5 million from intervention, social emotional, and mental health supports through the JFC) - [Fuel Assistance: Asset Level Report \(vermont.gov\)](#). The Quality Coaches request for proposal is being finalized with the goal of posting it within the next few weeks. This will be posted with the goal of CDD finding an entity or group who can support programs setting goals, developing plans to achieve those goals and connecting them to existing resources who can support their learning or growth. The expectation is also that this grantee will have the skills necessary to help programs with curriculum development, application of teaching practices and overall quality improvement.



Sec. 12 Report; Child Care Financial Assistance Program; Enrollment Model

On June 30, 2022, the Child Development Division requested an extension to deliver this report. The extension to deliver the report no later than March 30, 2023, was approved by the chairs in Senate Health and Welfare, House Human Services, and both Senate and House Appropriations.

The Child Development Division was not tasked with leading any other sections in Act 45; however, I would like to note that both myself and members of my team actively engaged in both the Early Childhood Systems Analysis overseen by Building Bright Futures and the Financing Study overseen by the Joint Fiscal Office.

